



Michigan  
*Office of the Auditor General*  
**REPORT SUMMARY**

*Performance Audit*

*Storage Tank Division*

*Department of Environmental Quality*

Report Number:  
76-135-98

Released:  
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*The Storage Tank Division, Department of Environmental Quality (DEQ), is responsible for the protection of public health, the environment, and natural resources of the State from releases and fire safety hazards associated with underground and aboveground storage tanks through education, innovation, pollution prevention, remediation, and compliance activities.*

***Audit Objectives:***

1. To assess the effectiveness of underground storage tank (UST) regulation.
2. To assess the effectiveness of the Division's efforts to ensure the remediation of contaminated sites.

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***Audit Conclusions:***

1. The Division's regulatory efforts had limited effectiveness.
2. The Division's efforts to ensure the remediation of contaminated sites had limited effectiveness.

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***Reportable Conditions:***

1. Effectiveness of Regulatory Efforts  
The Division should strengthen its enforcement efforts to help ensure that

UST owners and operators comply with UST rules and regulations designed to prevent or minimize environmental contamination. Our most recent inspection visits indicated that a significant percentage of the facilities visited were not in compliance with required controls. Also, the Division did not compute the rate at which UST owners and operators corrected compliance violations on the same basis as it computed the rate at which violations were detected through inspections. In addition, the Division made limited use of the enforcement methods provided by State statutes to compel UST owner and operator compliance with rules and regulations. (Finding 1)

DEQ partially agrees with the corresponding recommendation.

2. Financial Responsibility

The Division should improve its effectiveness in enforcing UST owner and operator compliance with the requirement to provide financial responsibility for potential UST release remediation costs.

Thirty-five (34%) of 104 UST owners and operators selected for a test of compliance with financial responsibility requirements did not respond to our request to provide documentation of compliance. We consider the 34% of unknown compliance to be of concern because it could indicate that the UST owners and operators did not have documentation of compliance and therefore did not respond. (Finding 2)

DEQ partially agrees with the corresponding recommendation.

### 3. Program Evaluation

The Division needs to improve its process used to evaluate and improve the effectiveness of its UST Regulatory Program. The Division had not established the necessary evaluation elements to enable it to measure the effectiveness of its UST Regulatory Program in helping the Division achieve its mission. (Finding 3)

DEQ partially agrees with the corresponding recommendation.

### 4. UST Release Remediation

The Division should increase its efforts to help ensure that owners and operators responsible for UST releases perform required environmental contamination remediation activities. The Division's database did not accurately indicate the UST release risk classification and corrective action classification. Also,

the Division made limited use of statutorily provided methods to compel owners and operators responsible for UST releases to comply with their plan for remediating the environmental contamination. In addition, the Division made limited use of the financial penalties provided by statute to compel owners and operators responsible for UST releases to comply with the Division's remediation reporting requirements. Further, the Division did not ensure that owners or operators responsible for UST releases submitted the risk classifications of the releases, as required by statute. (Finding 4)

DEQ partially agrees with the corresponding recommendation.

### 5. Cost Recovery

There was limited recovery of State funds spent on the remediation of contaminated sites. As of June 30, 2001, the Division had expended approximately \$12.6 million of State funds on the remediation of contaminated sites of which it had recovered approximately \$136,000. Also, the Division had outstanding liens of approximately \$428,000 on sites for which it had not yet recovered the State funds expended. (Finding 5)

DEQ partially agrees with corresponding recommendations.

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A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: [www.state.mi.us/audgen/](http://www.state.mi.us/audgen/)



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